

Message Text

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ORIGIN OES-07

INFO OCT-01 EUR-12 ISO-00 L-03 FEA-01 ACDA-07 CIAE-00
INR-07 IO-13 NSAE-00 NSC-05 EB-07 NRC-05 DODE-00
ERDA-05 SS-15 SP-02 JUSE-00 /090 R

DRAFTED BY OES/NET/IM: D H COOPER
APPROVED BY OES/NET/IM: D HOYLE
L/OES: C SIEGAL
ERDA: G HELFRICH (INFO)
EUR/WE: E BEIGAL
-----003021 300431Z /21
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FM SECSTATE WASHDC
TO AMEMBASSY PARIS

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E.O. 11652:N/A

TAGS:TECH, BR, ENRG

SUBJECT: AP STORY ON BANKRUPTCY OF U.S. NUCLEAR CORPORATION

REFERENCE: PARIS 18631

1. EMBASSY REQUESTED TO INFORM APPROPRIATE OFFICIALS AT CEA THAT ERDA FILED A PETITION TO INITIATE INVOLUNTARY BANKRUPTCY PROCEEDINGS AGAINST U.S. NUCLEAR, INC. (USN), ON MAY 4, 1977, IN THE DISTRICT COURT FOR THE EASTERN DISTRICT OF TENNESSEE. USN FILED ITS ANSWER TO THE ERDA PETITION ON MAY 25, 1977. NO FURTHER COURT ACTION IS EXPECTED UNTIL AFTER ERDA SECURES TWO ADDITIONAL CREDITORS TO JOIN IN THE CREDITORS' PETITIONS, AN ACTIVITY THAT IS NOW IN PROGRESS. IF ERDA CANNOT FIND TWO MORE CREDITORS TO JOIN ITS PETITION WITHIN A REASONABLE TIME, THE COURT MUST
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DISMISS THE PETITION.

2. THE ERDA PETITION WAS FILED, FOLLOWING MORE THAN A YEAR OF SERIOUS USN FINANCIAL PROBLEMS, AS A RESULT OF USN CEASING FUEL FABRICATION OPERATIONS (ON OR ABOUT APRIL 15, 1977), WHILE STILL OWING THE U.S. GOVERNMENT (ERDA) IN EXCESS OF ONE MILLION DOLLARS FOR THE SUPPLY OF ENRICHED

URANIUM. PRIOR TO ERDA'S PETITION, THE U.S. NUCLEAR
REGULATORY COMMISSION TOOK POSSESSION OF ALL SPECIAL -

NUCLEAR MATERIAL AT USN'S FABRICATION FACILITY.

3. ONE OF THE MAIN ISSUES TO BE DECIDED BY THE BANKRUPTCY
COURT IS WHETHER THE FUNDS WHICH USN RECEIVED FROM NON-
U.S. ORGANIZATIONS HAVING OR SEEKING FUEL FABRICATION
CONTRACTS WITH USN WERE OR ARE HELD "IN TRUST" OR
WERE, IN FACT, ADVANCE PAYMENTS THAT BECAME A PART OF THE
GENERAL ASSETS OF USN. IF THE FUNDS ARE PART OF USN'S
GENERAL ASSETS, SUCH NON-U.S. ORGANIZATIONS MAY FILE CLAIMS
AS UNSECURED CREDITORS AGAINST USN TO SHARE IN THE
DISTRIBUTION OF THE BANKRUPT FIRM'S ESTATE, IF ANY
ESTATE REMAINS FOR UNSECURED CREDITORS AFTER PAYMENT IS
MADE FIRST TO SECURED CREDITORS AND SECOND TO PRIORITY
CREDITORS. IT IS DEPARTMENT'S UNDERSTANDING, HOWEVER,
THAT NO REPEAT, NO FRENCH FUNDS OR CONTRACTS ARE IN
QUESTION IN THIS CASE.

4. IN PROVIDING FOREGOING INFORMATION TO CEA, EMBASSY
SHOULD STRESS THAT, ALTHOUGH THE CESSATION OF OPERATIONS
BY USN MEANS THAT THERE IS AT PRESENT NO REPEAT NO U.S.
COMMERCIAL FABRICATOR OF MTR TYPE RESEARCH REACTOR FUEL,
WE DO NOT SEE ANY REASON WHY THIS WOULD SUBSTANTIALLY
AFFECT NUCLEAR PROGRAMS IN FRANCE IN VIEW OF THE EXISTENCE
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OF URANIUM METAL CONVERSION AND MTR FUEL FABRICATION
CAPABILITIES IN FRANCE (CERCA) AND GERMANY (NUKEM). VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 30-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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